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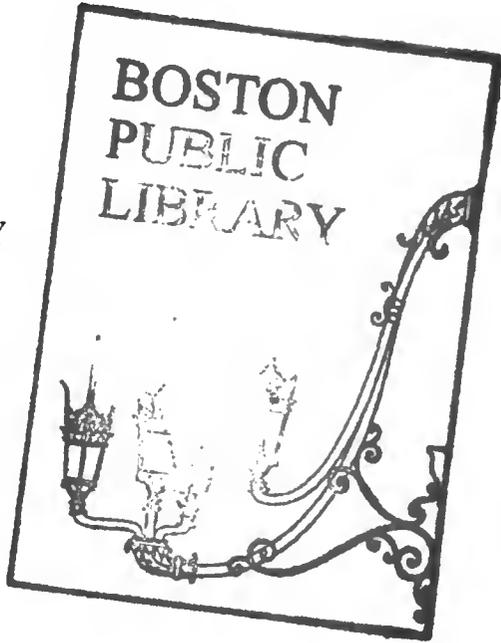
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# OAK TERRACE LIMITED PARTNERSHIP

A Partnership to Provide  
Affordable Housing in Chinatown Boston, Massachusetts

## INVESTMENT SUMMARY

March 20, 1992



This preliminary information is furnished to you on a confidential basis solely for the purpose of determining interest in receiving offering materials relating to a possible investment in the Partnership. No investment decision should be made based upon the information contained herein. The furnishing of this information does not constitute an offer to sell or a solicitation of an offer to buy an interest in the Partnership, which can only be made by a confidential private placement memorandum, after you have (a) indicated an interest in becoming a prospective investor and in receiving more information as a prospective investor relating to the Partnership and (b) verified that you are an "accredited investor" as defined by Rule 501(a) of Regulation D promulgated under the Securities Act of 1933.



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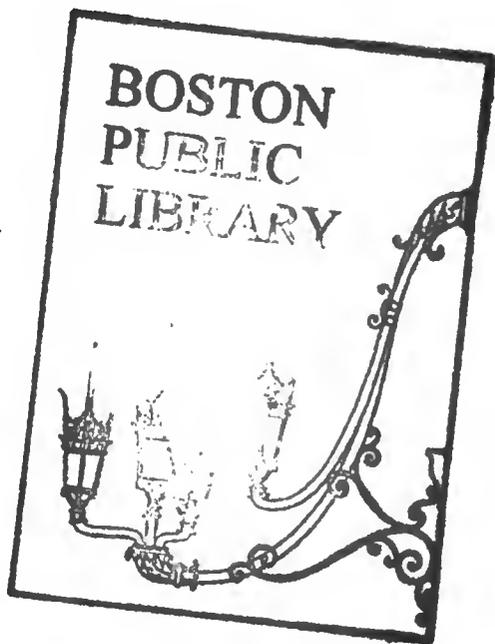
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**OAK TERRACE LIMITED PARTNERSHIP**

**A Partnership to Provide  
Affordable Housing in Chinatown Boston, Massachusetts**

**INVESTMENT SUMMARY**

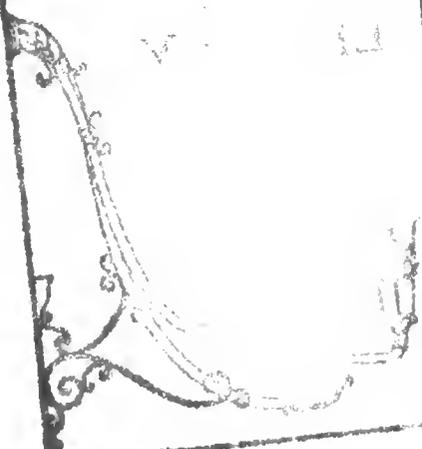
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# **OAK TERRACE LIMITED PARTNERSHIP**

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# OAK TERRACE LIMITED PARTNERSHIP

## INTRODUCTION

In an effort to motivate the private sector to invest in the creation and rehabilitation of affordable housing, Congress has created important tax credit incentives for certain types of investments. Originally established as part of the Tax Reform Act of 1986, low income housing tax credits represent an attractive way for corporations and other institutional investors to obtain significant after tax returns, while assisting in a pressing domestic priority -- affordable housing.

The benefits of an investment in Oak Terrace Limited Partnership (the "Partnership") are expected to include low income housing tax credits available over a ten-year period and annual loss deductions throughout the life of the investment. No cash flow is expected to be distributed to the investors during the period covered by the forecasts. As set forth in the enclosed financial projections, the investment is expected to meet a minimum 15% internal rate of return on an after-tax basis. This calculation takes into account only Federal tax benefits. However, there can be no assurance that these benefits will be available as projected.

The proposed investment is structured for "C corporations" which are not closely held (i.e., for which 50% or more of the stock is not held by 5 or fewer stockholders). Although closely-held "C corporations" may use passive credits and losses against both active and passive income, they may be subject to "at risk" rules that could limit the use of such tax benefits and, in any event, they will not be able to use passive losses to offset portfolio income. Subchapter S and "personal service corporations" are also restricted in their use of certain of the benefits available, and should not invest unless they expect to have substantial net passive income over an extended period of time.

The total amount of equity expected to be raised is \$7,660,000 consisting of five units of \$1,532,000 each. Capital contributions will be made in three installments from 1992 through 1994. No units will be sold unless subscriptions are received and approved for all of the five units. The general partner may accept subscriptions for multiple or fractional units.



# OAK TERRACE LIMITED PARTNERSHIP

## PROJECT SUMMARY

### Project Name

Oak Terrace

### Development Plan

Oak Terrace (the "Project"), located in the Chinatown neighborhood of Boston, Massachusetts, consists of the development of 88 units of mixed income family rental housing.

Oak Terrace has evolved through careful consideration of the Chinatown's needs and unique characteristics. Oak Terrace's scale, affordability, bedroom mix, open spaces and design reflects Chinatown's dire need for affordable large family-size units, recreational open space and traditional family values of generational cohabitation. Its very location and name is also symbolic of Chinatown's historic struggle with housing and land development issues.

The sponsor, Asian Community Development Corporation ("ACDC") is proud of its large scale and affordable housing program at Oak Terrace. Oak Street Village will be a family-oriented housing development where all generations can live, enjoy recreational activities and be close to the social, political and cultural activities of both Chinatown and downtown Boston. As the site is located to public transportation, the theatre district, the Public Gardens and the Boston Common, the Charles River, Faneuil Hall, Copley Place, and numerous other amenities, Oak Terrace will be a very attractive site to all types of renters.

88 rental units will enclose an open courtyard at Oak Terrace. 60 (68%) of these units will be affordable to low income families. There will be 15 one bedroom units, 34 two bedroom units, 30 three bedroom units and 9 four bedroom units. The thirteen story tower on Washington Street will house 42 units, mostly one and two bedroom units, while the four story, double duplex townhouses on Oak Street, Maple Place and New Pine Street will house 46 family units. An attractive design feature is that all 46 family units are walk up units with separate private entrances from the streets or courtyard.

The primary urban objective for ACDC is to create housing that reinforces the strong cultural identity of Chinatown, while relating to the scale, quality and ambience of the historic South End. The scale of the rowhouses to the east is maintained at the eastern edge of the site where the proposed buildings are only four stories. A "signature" tower marking a gateway into Chinatown rises to thirteen stories at Washington Street, where the adjacent context is of larger scale and the



street width is greater. The housing will enclose a private courtyard designed for family use. A public open space, which will include a community garden, will create a quiet recreation space on the Oak Street edge of the project. At least 44 parking spaces for residents will be available off-site across from the project on Oak Street.

Oak Terrace is on a 38,028 square foot parcel formerly belonging to the Boston Development Authority ("BRA"). The parcel was acquired from the BRA in December 1991. The Partnership expects to construct the Project over an 14-month construction period. Total acquisition and development costs are currently estimated to be approximately \$15,738,107.

It is important to note that the development of Oak Terrace is one of the City of Boston's key development initiatives.

### **Location**

Chinatown is an extremely attractive location for Asians and non-Asians due to the proximity to many important amenities such as Asian food markets, bilingual services, specialized new immigrant services, employment opportunities and services, outstanding medical services, excellent transportation access, department stores, theatre and entertainment areas, fine dining facilities, and large public open spaces such as the Public Gardens and the Boston Common. The location is desirable, as it is close to popular City sites such as Copley Square, Faneuil Hall Marketplace, Downtown Crossing, the Theatre District, the Charles River and many educational institutions such as the New England School of Law, Tufts Medical and Dental Schools and the University of Massachusetts.

At the same time, Chinatown is also one of the city's poorest neighborhoods, has the highest rate of overcrowding and has one of the highest ratio of deteriorated housing stock in the City of Boston. There has been no new housing construction in central Chinatown since 1974 to help alleviate these problems. Due the tremendous need for affordable housing in Chinatown and strength of development team, this Project has generated tremendous community and City-wide support. On file are approximately 140 letters written by elected officials, institutions, community groups, businesses, abutters and individuals as well as a petition signed by 2,890 members of the Asian community endorsing ACDC as the designated developer of Oak Terrace and supporting ACDC's funding applications.

### **Project Sponsor**

The Asian Community Development Corporation is a non-profit community development corporation serving Boston's Chinatown. It is the only membership-based agency organized as a community development corporation serving the Greater Boston Asian Community. Because of the acute housing needs of Chinatown, ACDC made housing development its



priority and developed the concept of Oak Terrace. ACDC's board of directors and staff consist of individuals with diverse and strong records of professional success and community achievements. A majority of board members were born and raised in Chinatown. All have long histories of active leadership in community development, social services and community advocacy. Based on the experiences of board members and staff, ACDC as an organizational whole reflects a diverse collection of individuals who have extensive knowledge and expertise in community development and the various stages of the development process.

**Total Project Development Cost**

\$15,738,107

**Financing Sources**

MHFA/AFL-CIO Housing Investment Trust  
City of Boston

- Neighborhood Housing Trust Linkage Funds
- Public Works Economic Development Grant
- Capital Planning Funds (for Demolition)
- BRA Acquisition Loan

1.25M  
50L  
50L  
1.5M

Community Development Action Grant  
Sponsor Acquisition Loan  
Section 8 Project Based Assistance  
Equity Syndication

50L  
6.3m



## OAK TERRACE LIMITED PARTNERSHIP

### INVESTMENT BENEFITS

Investors in Oak Terrace Limited Partnership can expect to earn significant financial benefits with limited liability while assisting in the pressing need for affordable housing. Investors will receive 99% of the Partnership's tax benefits and 99% of any distributable cash flow. No distributable cash flow is expected.

Total tax benefits currently expected to be distributed to limited partners in return for capital contributions of \$7,660,000 are as follows:

\$11,672,041 (\$1.52 per dollar invested) of Low Income Housing Tax Credits are projected to be distributed over a ten year period. Investors can apply these Tax Credits as a dollar-for-dollar reduction against federal income taxes otherwise due. Tax Credits may be carried backward for up to three years and carried forward for up to fifteen years to offset tax liability.

\$23,985,896 (\$3.13 per dollar invested) of annual loss deductions are projected to be distributed over a sixteen year period. Investors can apply these annual loss deductions to reduce taxable income. Assuming investors have a federal income tax rate of 34%, investors will reduce their tax liability by 34% of the annual loss deductions received, or \$8,155,205. Investors able to reduce state tax liability with these loss deductions will receive even more benefits. Annual loss deductions can also be carried backward for up to three years and carried forward for up to fifteen years.

Tax savings from annual loss deductions will be partially offset by capital gains taxes of \$5,550,804 which will be payable by Investors at the end of the investment period if the Sponsor exercises its option to purchase the Property from the Partnership for a price equal to a minimum option price as allowed by the Internal Revenue Code. Tax savings from annual loss deductions net of capital gains tax, equals \$2,604,401.

Total projected financial benefits are as follows:

\$11,672,041	Total tax credits over ten years
	Additional tax savings from annual loss deductions during sixteen years net of potential capital gains tax payable at end of sixteen years
<u>+ \$ 2,604,401</u>	
\$14,276,442	Net Federal tax savings projected



These projected benefits, offered in return for \$7,660,000 of Investors' capital contributions, are expected to earn Investors an after-tax internal rate of return of 15%. The timing of capital contributions and receipt of tax benefits is a critical factor in calculating the internal rate of return or net present value of this investment.

Non-financial benefits of this investment include community goodwill, assistance in providing construction jobs in the local economy, and assistance in furthering a high domestic priority: the provision of high quality affordable housing. Investors who are banks can help meet community reinvestment objectives with this Investment.

Investing in Oak Terrace Limited Partnership offers Investors one of the few opportunities available to earn a significant financial return while promoting an important social good.



**OAK TERRACE LIMITED PARTNERSHIP**

**PROFESSIONAL TEAM**

**Sponsor**

Asian Community Development Corporation, Inc.

**Architect**

Kyu Sung Woo Architect, Inc. and Williams Associates, Inc.  
Cambridge, Massachusetts  
Kyu Sung Woo/Jack Williams

**Project Counsel**

Goodwin, Procter & Hoar  
Boston, Massachusetts  
Larry Cahill, Esquire

**Management Agent**

The Community Builders  
Boston, Massachusetts

**Development/Syndication/Investor Services Consultant**

The Community Builders, Inc.  
Boston, Massachusetts  
Swan L. Oey, Project Manager  
Bart Mitchell, Manager of Equity Finance



SCHEDULE A

DAK TERRACE LIMITED PARTNERSHIP

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(A MASSACHUSETTS LIMITED PARTNERSHIP)  
 SOURCES AND USES OF DEVELOPMENT FUNDS

File Name:  
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Sources

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AFLOCIO Mortgage	6,600,000
Other	850,000
BRA Land & UDAG	1,500,000

Gross Syndication Proceeds	7,660,000
Plus: Bridge Loan Proceeds	2,253,236
Less: Bridge Loan Payments	(2,628,729)
Partnership Costs	6.5% (496,400)
	-----

Net Syndication Proceeds	6,788,107
	-----

Total Sources	15,738,107
	=====

Uses

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Acquisition	1,517,000
Construction	12,543,236
Net Worth	766,000
Financing Costs	274,200
Investor Services/Tax Return Funds	113,360
Rent-up and Marketing, Operating Deficits	130,000
Additional Project Reserves, Bridge Loan Coverage	394,311
	-----

Total Uses	15,738,107
	=====

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The notes and assumptions are an integral part of these forecasts and should be read in conjunction therewith.



SCHEDULE B

PAK TERRACE LIMITED PARTNERSHIP

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(A MASSACHUSETTS LIMITED PARTNERSHIP)

FORECASTED SOURCES AND APPLICATIONS OF CASH FUNDS FROM NORMAL OPERATIONS  
FOR THE PERIOD JANUARY 1, 1994 TO DECEMBER 31, 2009

Year	Net Rental Income	Linkage Loan	Total Sources	Operating Expenses	Debt Service	Additional Operating Expenses	Replacement Reserves	Total Applications
1993	0	0	0	0	0	0	0	0
1994	819,104	206,000	1,025,104	383,167	570,466	51,305	20,167	1,025,104
1995	1,029,000	228,016	1,257,016	482,790	684,559	64,257	25,410	1,257,016
1996	1,074,000	208,118	1,282,118	506,930	684,559	63,949	26,681	1,282,118
1997	1,120,000	187,479	1,307,479	532,276	684,559	62,630	28,015	1,307,479
1998	1,169,000	166,072	1,335,072	558,890	684,559	62,208	29,415	1,335,072
1999	1,220,000	143,869	1,363,869	586,834	684,559	61,590	30,886	1,363,869
2000	1,273,000	120,843	1,393,843	616,176	684,559	60,678	32,430	1,393,843
2001	1,329,000	96,962	1,425,962	646,985	684,559	60,366	34,052	1,425,962
2002	1,386,000	72,197	1,458,197	679,334	684,559	58,550	35,754	1,458,197
2003	1,447,000	46,514	1,493,514	713,301	684,559	58,112	37,542	1,493,514
2004	1,510,000	19,882	1,529,882	748,966	684,559	56,938	39,419	1,529,882
2005	1,576,000	0	1,576,000	786,414	684,559	63,637	41,390	1,576,000
2006	1,645,000	0	1,645,000	825,735	684,559	91,247	43,460	1,645,000
2007	1,717,000	0	1,717,000	867,021	684,559	119,787	45,633	1,717,000
2008	1,792,000	0	1,792,000	910,373	684,559	149,154	47,914	1,792,000
2009	1,870,000	0	1,870,000	955,891	684,559	179,240	50,310	1,870,000
	21,976,104	1,495,952	23,472,056	10,801,081	10,838,850	1,263,647	568,478	23,472,056
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The notes and assumptions are an integral part of these forecasts and should be read in conjunction therewith.



SCHEDULE C

OAK TERRACE LIMITED PARTNERSHIP

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(A MASSACHUSETTS LIMITED PARTNERSHIP)

FORECASTED TAXABLE INCOME/(LOSS)

FOR THE PERIOD JANUARY 1, 1994 TO DECEMBER 31, 2009

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Year	Net Rental Income	Interest Income	Operating Expense	Interest Expense	Depreciation	Other Deductions	Taxable Income/(Loss)	Cumulative Income/(Loss)
1993	0	0	0	0	0	0	0	0
1994	819,104	0	383,167	921,176	557,751	224,812	(1,267,801)	(1,267,801)
1995	1,029,000	1,008	482,790	1,045,647	575,703	107,764	(1,181,895)	(2,449,696)
1996	1,074,000	2,329	506,930	1,101,169	563,383	107,456	(1,202,608)	(3,652,304)
1997	1,120,000	3,780	532,276	1,159,522	554,583	106,136	(1,228,738)	(4,881,042)
1998	1,169,000	5,369	558,890	1,221,933	548,317	105,715	(1,260,485)	(6,141,527)
1999	1,220,000	7,109	586,834	1,288,408	548,317	88,596	(1,285,048)	(7,426,575)
2000	1,273,000	0	616,176	1,359,826	554,851	87,684	(1,345,538)	(8,772,113)
2001	1,329,000	1,622	646,985	1,435,027	547,002	87,373	(1,385,765)	(10,157,877)
2002	1,386,000	3,405	679,334	1,515,906	539,152	85,556	(1,430,543)	(11,588,420)
2003	1,447,000	5,363	713,301	1,602,445	539,152	85,119	(1,487,653)	(13,076,074)
2004	1,510,000	7,508	748,966	1,695,988	539,152	83,945	(1,550,542)	(14,626,615)
2005	1,576,000	(0)	786,414	1,795,410	546,319	90,643	(1,642,787)	(16,269,403)
2006	1,645,000	2,070	825,735	1,905,711	546,319	118,253	(1,748,949)	(18,018,352)
2007	1,717,000	4,346	867,021	2,027,187	546,319	146,794	(1,865,975)	(19,884,327)
2008	1,792,000	6,845	910,373	2,162,311	546,319	176,161	(1,996,319)	(21,880,646)
2009	1,870,000	9,583	955,891	2,308,564	546,319	416,340	(2,347,531)	(24,228,177)
	21,976,104	60,337	10,801,081	24,546,229	8,798,961	2,118,347	(24,228,177)	
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The notes and assumptions are an integral part of these forecasts and should be read in conjunction therewith.



OAK TERRACE LIMITED PARTNERSHIP

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(A MASSACHUSETTS LIMITED PARTNERSHIP)

FORECASTED TAXABLE INCOME/(LOSS), NET INVESTMENT AND INVESTMENT BENEFITS FOR A  
 99.00% LIMITED PARTNER INTEREST FOR AN INVESTOR IN THE 34% TAX BRACKET  
 FOR THE PERIOD JULY 1, 1992 TO DECEMBER 31, 2009

\$7,660,000 ,

Year	Taxable Income/ (Loss)	Tax Savings From Losses	Low Income Tax Liability Housing Tax Credit	Upon Foreclosure	Total Tax Benefit/ (Cost)	Capital Contribution	Annual Net Investment	Cumulative Net Investment
92&93	0	0	0		0	6,128,000	6,128,000	6,128,000
1994	(1,255,123)	426,742	721,397		1,148,139	1,532,000	383,861	6,511,861
1995	(1,170,076)	397,826	1,167,204		1,565,030	0	(1,565,030)	4,946,831
1996	(1,190,582)	404,798	1,167,204		1,572,002		(1,572,002)	3,374,829
1997	(1,216,450)	413,593	1,167,204		1,580,797		(1,580,797)	1,794,032
1998	(1,247,880)	424,279	1,167,204		1,591,483		(1,591,483)	202,549
1999	(1,272,197)	432,547	1,167,204		1,599,751		(1,599,751)	(1,397,202)
2000	(1,332,083)	452,908	1,167,204		1,620,112		(1,620,112)	(3,017,314)
2001	(1,371,907)	466,448	1,167,204		1,633,652		(1,633,652)	(4,650,967)
2002	(1,416,237)	481,521	1,167,204		1,648,725		(1,648,725)	(6,299,692)
2003	(1,472,777)	500,744	1,167,204		1,667,948		(1,667,948)	(7,967,640)
2004	(1,535,036)	521,912	445,807		967,720		(967,720)	(8,935,359)
2005	(1,626,359)	552,962			552,962		(552,962)	(9,488,322)
2006	(1,731,460)	588,696			588,696		(588,696)	(10,077,018)
2007	(1,847,316)	628,087			628,087		(628,087)	(10,705,105)
2008	(1,976,356)	671,961			671,961		(671,961)	(11,377,066)
2009*	(2,324,056)	790,179		(5,550,804)	(4,760,625)		(790,179)	(12,167,245)
	(23,985,896)	8,155,205	11,672,041	(5,550,804)	14,276,441	7,660,000	(12,167,245)	
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Net Present Value Ratio at a 10% Discount Rate: 1.2

The notes and assumptions are an integral part of these forecasts and should be read in conjunction therewith.

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OAK TERRACE LIMITED PARTNERSHIP

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(A MASSACHUSETTS LIMITED PARTNERSHIP)

FORECASTED TAXABLE INCOME/(LOSS), NET INVESTMENT AND INVESTMENT BENEFITS FOR A  
 19.80% LIMITED PARTNER INTEREST FOR AN INVESTOR IN THE 34% TAX BRACKET  
 FOR THE PERIOD JULY 1, 1992 TO DECEMBER 31, 2009

\$1,532,000 ,

Units	Taxable	Low Income	Tax Liability	Total Tax	Capital	Annual Net	Cumulative
Year	Income/ (Loss)	Tax Savings From Losses	Housing Tax Credit	Upon Foreclosure	Benefit/ (Cost)	Contribution	Net Investment
92&93	0	0	0	0	1,225,600	1,225,600	1,225,600
1994	(251,025)	85,348	144,279	229,628	306,400	76,772	1,302,372
1995	(234,015)	79,565	233,441	313,006	0	(313,006)	989,366
1996	(238,116)	80,960	233,441	314,400		(314,400)	674,966
1997	(243,290)	82,719	233,441	316,159		(316,159)	358,806
1998	(249,576)	84,856	233,441	318,297		(318,297)	40,510
1999	(254,439)	86,509	233,441	319,950		(319,950)	(279,440)
2000	(266,417)	90,582	233,441	324,022		(324,022)	(603,463)
2001	(274,381)	93,290	233,441	326,730		(326,730)	(930,193)
2002	(283,247)	96,304	233,441	329,745		(329,745)	(1,259,938)
2003	(294,555)	100,149	233,441	333,590		(333,590)	(1,593,528)
2004	(307,007)	104,382	89,161	193,544		(193,544)	(1,787,072)
2005	(325,272)	110,592		110,592		(110,592)	(1,897,664)
2006	(346,292)	117,739		117,739		(117,739)	(2,015,404)
2007	(369,463)	125,617		125,617		(125,617)	(2,141,021)
2008	(395,271)	134,392		134,392		(134,392)	(2,275,413)
* 2009*	(464,811)	158,036		(1,110,161)	(952,125)	952,125	(1,323,288)
	(4,797,179)	1,631,041	2,334,408	(1,110,161)	2,855,288	1,532,000	(1,323,288)

Net Present Value Ratio at a 10% Discount Rate: 1.2

The notes and assumptions are an integral part of these forecasts and should be read in conjunction therewith.

